

2016 Annual Report of Essential Utilities Services Contracts

Essential Service Vendor ⁽¹⁾	Annual Budget	Actual Payments	Type of Contract(s)	Essential Obligations	Length of Contract
BONNEVILLE POWER ADMINISTRATION (BPA)	XXXXXXXXXX	XXXXXXXXXX	Transmission Capacity Ownership Rights	PSE purchased capacity ownership rights in the Alternating Current (AC) Intertie into California from BPA in 1996 and pays its allocated operation and maintenance costs to BPA.	1996 - life of facilities
			Transmission	PSE purchases rights to use BPA transmission and BPA receives power from PSE at the Points of Integration or Receipt and delivers power to PSE at the Points of Delivery.	Various - termination dates through 2035
			Transfer	BPA serves PSE loads and PSE delivers replacement power to BPA.	09/1974 - BPA three years notice to terminate, PSE one year notice to terminate
			Transfer	Parties commit to build transmission and provide excess capability to the other party. Each party commits to operate and maintain certain facilities.	Various - termination dates through 2018
			Operations & Maintenance	BPA operates and maintains PSE facilities in BPA substations.	Various from 04/1968 - life of facilities
			WNP-3 Settlement Exchange Agreement	PSE receives exchange energy based on the average availability and cost of several surrogate nuclear units similar in design to the WNP-3 Nuclear Unit. BPA may request power from PSE during certain months, if available.	07/1987 – 6/2017
			Western System Power Pool (WSPP) Purchase Power Agreement	The WSPP Agreement is a standardized contract among members of the WSPP for electric power sales and physical power options. Members enter into numerous individual power transactions using standard schedules under the Agreement. A confirmation process follows the transactions. Each transaction terminates upon completion of delivery.	Various lengths

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CHELAN COUNTY PUBLIC UTILITY DISTRICT NO. 1	XXXXXXXXXX	XXXXXXXXXX	Long-term, Take-or-Pay, Purchase Power Agreement	The PUD operates and maintains the Rock Island and Rocky Reach Hydro Projects and delivers to PSE, at specified points of delivery, PSE's contractual percentage share of the output of the Projects. PSE pays the PUD on a "cost of service" basis.	11/2011 - 11/2031
			Western System Power Pool (WSPP) Purchase Power Agreement	The WSPP Agreement is a standardized contract among members of the WSPP for electric power sales and physical power options. Members enter into numerous individual power transactions using standard schedules under the Agreement. A confirmation process follows the transactions. Each transaction terminates upon completion of delivery.	Various lengths
GENERAL ELECTRIC INTERNATIONAL INC	XXXXXXXXXX	XXXXXXXXXX	Contractual Service Agreement	Maintenance and service for Goldendale power plant.	12/2015 – 1/2032
			Long Term Service Agreement	Maintenance and service for Mint Farm power plant.	12/2015 – 1/2033
INFRA SOURCE SERVICES LLC	XXXXXXXXXX	XXXXXXXXXX	Gas Engineering and Construction Services	Contract/services provided for engineering and construction on the company's gas systems.	1/2013 - 12/2020
J ARON AND COMPANY	XXXXXXXXXX	XXXXXXXXXX	North American Energy Standards Board (NAESB) Agreement	The NAESB Master Agreement enables short and long-term gas supply purchases to be made under a confirmation process. Each transaction terminates upon completion of delivery.	8/2004 – various lengths
			Western System Power Pool (WSPP) Purchase Power Agreement	The WSPP Agreement is a standardized contract among members of the WSPP for electric power sales and physical power options. Members enter into numerous individual power transactions using standard schedules under the Agreement. A confirmation process follows the transactions. Each transaction terminates upon completion of delivery.	various lengths
			International Swaps and Derivatives Master Agreement (ISDA)	The ISDA is a standard industry contract enabling agreement for any financially derived transaction but is usually limited to specific commodities or products that are relevant to the intended business of the counterparties.	1/2004—various lengths
NORTHWEST	XXXXXXXXXX	XXXXXXXXXX	Long-term Transportation and	Northwest Pipeline provides firm transportation capacity and	Predating 1989 - various

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PIPELINE LLC			Storage Contracts	storage service to PSE on the gas pipeline under long term contracts. PSE pays fixed monthly demand charges for the right, but not the obligation, to transport specified quantities of gas from receipt points to delivery points on the pipeline each day.	termination dates through 2044
QUANTA SERVICES INC	XXXXXXXXXX	XXXXXXXXXX	Electric Engineering and Construction Services	Contract/services provided for engineering and construction on the company's electric systems.	2/2002 - 12/2020
TALEN MONTANA LLC	XXXXXXXXXX	XXXXXXXXXX	Operations & Maintenance	PSE reimburses Talen-Montana for PSE's share of operation and maintenance expenses for Unit Nos. 1, 2, 3 and 4 of the Colstrip steam-electric-generating plant.	Various from 07/1971 - as long as any part of the units are used or useful for the generation of electricity or the end of the period permitted by applicable law
			Capital Additions	PSE reimburses PPL-Montana for PSE's share of capital additions made to Unit Nos. 1, 2, 3 and 4 of the Colstrip steam-electric-generating plant	Various from 07/1971 - as long as any part of the units are used or useful for the generation of electricity or the end of the period permitted by applicable law
TD ENERGY TRADING INC	XXXXXXXXXX	XXXXXXXXXX	North American Energy Standards Board (NAESB) Agreement	The NAESB Master Agreement enables short and long-term gas supply purchases to be made under a confirmation process. Each transaction terminates upon completion of delivery.	7/2003 – various lengths
TRANSALTA CENTRALIA GENERATION LLC	XXXXXXXXXX	XXXXXXXXXX	Coal Transition Power Purchase and Sale Agreement	Power purchase and sale agreement enabled by Washington State Legislature's 2011 bill which allows TransAlta Centralia Generation LLC to engage in long term power contracts in exchange for phasing out coal-fired generation by 2025.	7/2012 – 12/2025
WESTERN ENERGY	XXXXXXXXXX	XXXXXXXXXX	Coal Purchase & Sale	PSE's share of coal delivered to Colstrip steam-electric-	Units 1 & 2; 1/2010 – until

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COMPANY	[REDACTED]	[REDACTED]	Agreement	generating Unit Nos. 1 and 2.	shutdown 6/2022
			Amended & Restated Coal Supply Agreement	PSE's share of coal delivered to Colstrip steam-electric-generating Unit Nos. 3 and 4.	Units 3 & 4: 7/1980 – 12/2019

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